JURA ENERGY CORPORATION

Annual Financial Report

For the year ended September 30, 2009

This Management Discussion and Analysis ("MD&A") is a review of the results of operations and the financial position of the Company as at September 30, 2009, and for the years ended September 30, 2009 and 2008. This MD&A is dated December 8, 2009, and should be read in conjunction with the consolidated financial statements of the Company for the year ended September 30, 2009.

Jura Energy Corporation's ("Jura" or the "Company") annual consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada ("GAAP"), and are reported in United States currency.

Jura is listed and traded on the Toronto Stock Exchange under the trading symbol **JEC**. Additional information relating to Jura Energy Corporation is available on SEDAR at www.sedar.com.

Forward–looking Statements

This MD&A contains forward-looking statements. Readers are advised that any forward-looking statements contained in this MD&A are expressly qualified by the cautionary statements contained within the Forward-looking Statement section commencing on page 13 of this MD&A.

Non-GAAP Measurements

Within this MD&A, references are made to terms having widespread use in the oil and gas industry. "Netback" and "Working Capital" are not terms defined by GAAP in Canada and are regarded as non-GAAP measures. Netback is equal to petroleum and natural gas sales revenues less sales tax, royalties and production costs. Working capital is equal to current assets less current liabilities. Below are the calculations for each non-GAAP measure:

Netback:

	Years ended September 30, 2009	Years ended September 30, 2008
Petroleum and natural gas sales	$ 1,605,031	$ 1,607,320
Less: Sales Tax	229,699	220,142
Royalty	148,560	142,849
Production expenses	256,377	336,638
	$ 970,395	$ 907,691

Working capital:

	September 30, 2009	September 30, 2008
Current assets	$ 3,874,212	$ 7,459,658
Current liabilities	(1,735,378)	(5,376,673)
	$ 2,138,834	$ 2,082,985

Overview

Jura Energy Corporation is an international energy company engaged in the exploration, development and production of petroleum and natural gas properties. The Company's activities are conducted exclusively in Pakistan where it has ownership positions in exploration, appraisal and development concessions.

All of the Company's exploration expenditures and the majority of overhead costs incurred to date have been funded by equity issuances and more recently, by a farm-out agreement through which a third party reimbursed the Company for a portion of historical costs and pays a portion of the Company's future capital expenditures to earn a portion of the Company's ownership interest in its resource properties. The Company's strategic growth plan has always contemplated the need for additional capital resources to meet its commitments, and fully exploit its existing resource properties, and further capital

resources are required imminently. The Company is presently investigating the viability of a number of alternatives for securing additional capital resources.

The Company has working capital of $2,138,834 which is insufficient to fully fund continued operations and capital expenditure commitments for the next twelve months, and accordingly new cash resources must be secured. Management is currently evaluating and will pursue funding alternatives, including new debt facilities, additional farm-out agreements and new equity issuances. There is no assurance that these initiatives will be successful.

The Company has substantially completed an extensive seismic acquisition program that extends over its properties acquired on June 2, 2006 and is continuing to evaluate the data acquired. In March 2008, the Company announced the signing of a twelve month drilling contract and completed drilling of two exploratory wells – Kandra 4D and Jamali Deep (Badin IV North) - during the 2009 fiscal year. A third well, Rafay #1, was drilled on the Mirpur Mathelo concession during the current year with a Chinese rig and crew. The third of three development wells drilled in the prior fiscal year was completed and put on production in March, 2009.

A number of additional drilling locations have been identified and the Company would like to continue drilling these prospects in fiscal 2010. Before committing to a work program and budget for 2010; however, the Company has requested greater detail and more in-depth planning of drilling prospects than has been presented by the Operator, and has not yet been provided with adequate information that will allow it to proceed with the proposed 2010 program.

Activity update - operational

In March 2008, the Company announced the signing of a twelve month drilling contract with Weatherford Drilling International for a drilling rig capable of drilling the Company's exploration prospects.

Drilling of the Kandra-4D well commenced on August 16, 2008 and the well was drilled to a total depth of 2,229 metres. The well targeted three potential hydrocarbon-bearing zones: the Sui Main Limestone (600-750m), the Lower Goru (1700-2000m), and the Chiltan Limestone (2150-2250m). Natural gas shows were encountered during initial testing of the Chiltan Limestone zone and subsequently from the Lower Goru zone. Data from well logs and tests has been forwarded to independent engineering consultants for analysis, the results of which have been inconclusive. The well is currently suspended pending further evaluation of all results by Jura and its partners. The Company and its partners will consider a second Kandra well targeting the Chiltan Limestone zone, as seismic mapping indicates potential updip from the Kandra 4D well location.

The Jamali Deep-1 well on the Badin IV North concession was drilled to a depth of 3,872m with drilling finished in June, 2009. Gas shows were observed over 1,300m throughout the targeted Lower Goru zone. Based on the hydrocarbon shows during drilling, log results, and interpretations, it was concluded that gas accumulations existed in several zones of the Lower Goru, however testing did not yield sustainable flows of gas. Down-hole pressure data indicates tight sands with low permeability as a major reason for the lack of flow. Following the drilling of Jamali Deep, Weatherford rig was released and the contract terminated.

The Rafay-1 well also completed drilling in June, 2009 to a depth of 3,671m on the Mirpur Mathelo concession. Gas shows were observed over a 480m section in the targeted Lower Goru formation. Based on the hydrocarbon shows during drilling, log results, and interpretations, it was concluded that gas accumulations existed in several zones of the Lower Goru. Testing did not, however, yield sustainable flows of gas though two of the three Drill Stem Tests ("DST's") produced gas which flared for a short period. Down-hole pressure data indicates tight sands with low permeability as a major reason for the lack of flow.

For both the Jamali Deep-1 and Rafay-1wells, the joint venture partners are currently evaluating the merits of remedial work. Potential drilling targets have been identified in the Badin IV North and South concessions, and in the remaining blocks, with current efforts devoted to a comprehensive evaluation and ranking of all prospects in order to determine drilling priorities for 2010 and beyond. The order in which prospects may be drilled and other work completed will be influenced by the joint venture partners' assessment of whether or not existing work commitment and/or license expiry dates will be extended by the Government of Pakistan; the Company's experience in Pakistan to date has been that all license and/or commitment extensions sought from Government authorities by the operator have been granted.

During fiscal 2009, the Company completed the third of three development wells drilled in the previous year on Block 22 in which its subsidiary company, Pyramid, has a 15.7895% ownership interest. The Company has a net 10.5% interest in each of these three wells through its 66.665% ownership in Pyramid.

On September 30, 2008, the Company announced that together with its partner, Petroleum Exploration (Pvt) Limited ("PEL"), it had entered into a farm-out agreement in respect of six exploration concessions in Pakistan with Gulf Petroleum

Exploration International ("GPX"). Pursuant to the agreement, the Company and PEL each assigned a 12.5% working interest in the following concessions to GPX: Badin IV North, Badin IV South, Kandra (excluding Sui Main Limestone development), Salam, Mirpur Mathelo, and Karsal. The agreement closed with an effective date of April 1, 2008.

Under the terms of the agreement, GPX's obligations to the joint venture are to pay (i) 66.67% of the first US$6 million in expenditures to drill each of the first 4 exploration wells of the work program in the blocks, (ii) 58.33% of the first US$6 million in expenditures to drill each of the next 5 exploration wells of the program in the blocks, and (iii) 50% of the first US$6 million in expenditures to drill each of an additional 2 wells, contingent on there being at least 4 commercial discoveries from the first 9 wells drilled. The Company estimates the value of the expenditures payable by GPX in accordance with this agreement that would otherwise be payable by the Company to be a minimum of $10.0 million.

In addition, the Company received cash consideration of US$4.25 million from GPX as payment towards historical costs (against which an income tax liability of $302,000 has been accrued) and was credited for 50% of GPX's working interest share of costs incurred from April 1, 2008, estimated to amount to $3.8 million. Kandra 4D, Jamali Deep 1 and Rafay #1 are three of the first four wells in which GPX is participating.

The Company substantially completed the acquisition phase of its seismic program during 2008 and 2009. Since the inception of the program, over 1,754 km of 2D seismic has been shot on the Company's concessions and an additional 1,600 km^2 of 3D data has been purchased over the Badin IV North and Badin IV South blocks. An acquisition program of 154 line-Km's of 2D seismic data was recently completed on the Karsal block, and the data is currently being processed. Processing and interpretation of previously acquired data continues. Leads have also been identified in the Badin IV South and Salam blocks, with plans to finalize drilling locations for two wells in Badin IV North, four wells in Badin IV South and one well in Salam. The intention is to complete this work through 2010. The order in which prospects may be drilled and other work completed will be influenced by the joint venture partners' assessment of whether or not existing work commitment and/or license expiry dates will be extended by the Government of Pakistan; the Company's experience in Pakistan to date has been that all license and/or commitment extensions sought from Government authorities by the operator have been granted.

In January 2007, the Company and PEL submitted a proposal to refurbish an existing power station which would utilize as feedstock natural gas from the Kandra natural gas field - the Company's development lease located in the Central Gas basin of Pakistan. On January 16, 2008, the Government of Pakistan, Ministry of Water and Power, (Private Power and Infrastructure Board) issued a formal Letter of Interest ("LOI") for a 120 Megawatt Combined Cycle Power Facility. Under a Field Development Plan previously approved by the Government of Pakistan, Ministry of Petroleum & Natural Resources, the power station is to be fuelled by low-BTU gas supplied from the Kandra field, blended with pipeline quality gas to be purchased from Sui Southern Gas Company Limited.

Evaluations completed on detailed engineering studies have since raised questions that require resolution prior to the project being moved ahead. These include issues with the existing "brownfield" Sukkur power generation site and concerns about securing regulatory approval for a natural gas price for the Kandra shallow gas that is sufficient to justify the investment required for the relatively high development and production costs required for the low-BTU gas Kandra shallow gas. Accordingly, Jura and PEL sought, and on July 4, 2009 received a revised Letter of Interest from the Government of Pakistan for the construction of a new power facility near the city of Sukkur. Detailed engineering plans for the new facility are being prepared, and it is presently expected that these will be completed by August, 2010.

Exploration and appraisal licences and development lease

On June 2, 2006, the Company completed the acquisition of a number of petroleum and natural gas interests in Pakistan, comprised of ownership interests ranging from 47.5% to 50% in six exploration licences and a 37.5% interest in a development and production lease for a natural gas field. As of April 1, 2008, these ownership interests range from 35% to 37.5%, after giving effect to the reduction resulting from the GPX farm-out transaction.

The six licences and one lease cover a total area of 1,287,548 acres, with four interests being located in the Central Gas Basin, two interests in the Lower Indus Gas and Oil Basin and one in the northern oil-bearing Potwar Basin. The work program associated with these interests' calls for extensive seismic evaluation and the drilling of up to ten exploration wells and fourteen development wells over a period of approximately 36 months. PEL, as operator of the properties, has successfully applied for, and received license extensions when required from the Government of Pakistan.

For further information on the Company's petroleum and gas properties acquired on June 2, 2006, refer to the Company's September 30, 2008 Annual Information Form.

Pyramid Energy International Inc. ("Pyramid")

The Company owns 66.665% and PEL owns 33.335% of all of the issued and outstanding common, voting shares of Pyramid. Pyramid's only petroleum and natural gas property is a 15.7895% interest in Block 22, a concession situated in the Central Gas Basin in Pakistan. The concession area had three natural gas wells on production when acquired. Since that time three additional developmental wells have successfully been drilled, two of which have been completed and were on production in 2008 and the third was placed on production during March, 2009.

Activity update – other

The Company's investment in non-bank ABCP (SAT Series-A notes) was scheduled to mature on August 14, 2007 however the CAD$15.0 million face value of the investment due on maturity was not funded by the issuer of the security. The Company's non-bank ABCP investment was one of a number of such investments in Canada frozen since August 2007. A group representing banks, asset providers and major investors referred to as the Pan-Canadian Investors Committee for Third-Party Structured Asset Backed Commercial Paper (the "Committee") prepared a restructuring plan (the "Plan") under the Companies' Creditors Arrangements Act which received Court approval in 2008. On January 12, 2009, the Ontario Superior Court of Justice granted the Plan Implementation Order which enabled the original non-bank ABCP to be exchanged for restructured securities ("Restructured Notes") as outlined in the Plan.

On February 27, 2009, the Company received confirmation that it would receive CAD$10.0 million face value of Restructured Notes in the following relative proportions: Class A-1 notes – 16%, Class A-2 notes – 69%, Class B notes – 12% and Class C notes – 3%. The Restructured Notes earn interest at a rate equal to 90 day Bankers Acceptances less 50 basis points. Interest on Class A-1 notes is to be accrued and paid currently, with interest on all other Classes to be accrued, but only paid after interest on higher ranking Classes is paid. The Plan estimates that repayment of principal on Restructured Notes and accrued interest, where applicable, will be approximately December, 2016.

In July 2008, the Company sold CAD$5.0 million face value of its original SAT Series-A commercial paper for CAD$0.50 per CAD$1.00 of face value of the notes, and accordingly had CAD$10.0 million in face value of its initial investment remaining. On August 24, 2009, the Company completed the sale of its entire remaining CAD$10.0 million face value holdings in non-bank ABCP investment for net proceeds of CAD $4,200,454, a price which represents $0.50 per $1.00 of the aggregate of the face value of the Series A1 and A2 Restructured Notes held. Series B and C Restructured Notes were included in the sale for effective price of $0.001.

The Company negotiated a credit facility agreement with a Canadian chartered bank in January 2008 which had a limit of 65% of the face value on the Company's ABCP, and was secured solely by the ABCP. The credit facility repayment date was extended to October 31, 2009 from October 31, 2008, and any amounts outstanding under the facility were to bear interest at the bank's prime rate plus 0.5%. The loan facility was fully drawn earlier in the current year, and then concurrent with the closing of the sale of non-bank ABCP, the Company retired the entire CAD $6.5 million balance outstanding on its credit facility. The Company paid $13,090 in interest expense over the term of the credit facility.

Results of Operations

Annual Comparative Statement of Operations

	2009	2008	Change
Revenues			
Petroleum and natural gas sales	$ 1,605,031	$ 1,607,320	$ (2,289)
Less: Sales Tax	229,699	220,142	(9,557)
Royalty	148,560	142,849	(5,711)
	1,226,772	1,244,329	(17,557)
Interest	544,910	402,509	142,401
Other income	1,725,296	3,936,914	(2,211,618)
	3,496,978	5,583,752	(2,086,774)
Expenses			
Production	256,377	336,638	80,261
Administration	2,430,943	3,565,300	1,134,357
Interest expense	13,090	-	(13,090)
Foreign exchange losses	75,250	190,529	115,279
Loss on sale of ABCP	725,546	5,725,790	5,000,244
Loss on marketable securities	-	88,111	88,111
Depletion, depreciation and accretion	1,513,209	1,204,908	(308,301)
Impairment of producing petroleum and natural gas properties	2,000,000	-	(2,000,000)
Impairment of undeveloped petroleum and natural gas assets	20,000,000	-	(20,000,000)
	27,014,415	11,111,275	(15,903,140)
Loss before non-controlling interest and taxes	(23,517,437)	(5,527,523)	(17,989,914)
Non-controlling interest	54,413	35,302	(19,111)
Current income tax	302,000	-	(302,000)
Future income tax (recovery) expense	(636,708)	(53,118)	583,590
Net loss and comprehensive loss for the year	$ (23,237,142)	$ (5,509,707)	$ (17,727,434)

Total sales volumes for the current year were 833,385 Mcf (2008: 839,692 Mcf) and net sales volumes were 555,034 Mcf (2008: 559,235 Mcf). Sales tax for the current year was 14.3% (2008: 13.7%) as a percentage of gross revenues. Royalties for the year were 9.3% (2008: 8.9%). Production expenses in the current year were $0.31/Mcf compared to $0.40/Mcf in 2008. The reduction in production expenses in the current year is due to the additional cost from an annual maintenance turnaround of the gas processing facility during the fiscal year 2008 which was not performed during the 2009 fiscal year. The annual maintenance turnaround for fiscal 2009 occurred in October 2009 and is therefore not reflected in the current year's production expenses.

The resource activities for the year resulted in a gross netback of $970,395 (net: $646,914) as compared to a gross netback for 2008 of $907,691 (net: $605,112).

Depletion expense on petroleum and natural gas operations was $1,468,702 or $1.76/Mcf in 2009 (2008: $1,155,806 or $1.38/Mcf). The increase in the current period is due to the costs of drilling the Kandra 4D well being added to petroleum and natural gas costs subject to depletion.

During the 12 months ended September 30, 2009, the Company and its partners completed the drilling of three exploratory wells in three of the six exploration concessions in Pakistan. Testing was completed on all three wells the results of which are

as yet inconclusive. Additional evaluation work is being carried out on these wells but at the current time no proven or probable reserves have been assigned to the three concession areas upon which these wells were drilled. Based on the results from the three exploration wells completed to date and the plans and intentions of the Company on the exploration concessions where drilling was completed, indicators of impairment relating to unproven property costs of $66,718,727 as at September 30, 2009 (2008: $66,428,606) are present. Management completed an analysis of these indicators and has concluded that impairment in the amount of $20,000,000 should be recorded. After recording the impairment charge, unproven property costs of $46,718,727 remain which are not subject to depletion and amortization for the year ended September 30, 2009.

For the year ended September 30, 2009 the Company also recorded impairment of $2,000,000 as the carrying value of the Company's producing petroleum and natural gas properties exceeded the value calculated in the ceiling test in accordance with the full cost method of accounting.

Interest revenues from short term investments for the year totalled $544,910, an increase of $142,401 from the prior year. The increase in the current year was because of additional interest revenue of CAD $507,780 the Company received from the restructured asset backed commercial paper. This interest revenue was offset by lower interest earned on cash deposits in the current period as cash balances and rates of return are lower.

Other income for the year ended September 30, 2009 includes net proceeds of $1,725,296 from completion of several transactions that resulted in the utilization of previously unrecognized income tax losses. The Company completed a similar transaction in the year ended September 30, 2008 that resulted in net proceeds of $1,247,979.

Other income for the year ended September 30, 2008 also include the disposition of the Company's entire portfolio of marketable securities for proceeds of $119,857 resulting in the recognition of a loss of $36,323. The proceeds from the sale of shares of an inactive subsidiary were $51,000. An additional gain of $814,318 was recorded resulting from the elimination of the non-controlling interest in the inactive subsidiary together with the liabilities related thereto. Also, a settlement agreement of $1,859,940 arising from an action the Company brought against its former auditors in September 2003 was concluded in this period.

General and administrative expenses of $2,430,943 for 2009 are down by $1,134,357 (32%) from the comparative year. This reduction is due to the adoption of the US dollar as reporting currency and the difference in average exchange rates on Canadian and US currencies between the comparative periods in addition to the decrease in stock based compensation expense of $390,279 and reduced legal fees of $268,184 in the current year. The reduction in stock based compensation expense is the result of no additional grants of stock options in fiscal 2009; legal fees have been reduced because fewer legal claims remain unresolved.

The Company's investment in non-bank ABCP (SAT Series-A notes) was scheduled to mature on August 14, 2007 however the $15.0 million face value of the investment due on maturity was not funded by the issuer of the security. In July 2008, the Company sold $5.0 million face value of its original SAT Series-A commercial paper for $0.50 per $1.00 of face value of the notes owned, and accordingly had $10.0 million in face value of its initial investment remaining uncollected. This sale resulted in the realized loss of $2,505,000 in the current year results. Based on this sale and the use of a discounted cash flow model, the Company recorded $3,260,950 of valuation allowance on its remaining investment in ABCP for the year ended September 30, 2008 in addition to the $1,688,000 recorded in the year ended September 30, 2007.

On August 24, 2009, the Company completed the sale of its entire remaining $10.0 million face value holdings in non-bank ABCP investment for net proceeds of CAD $4,200,454, a price which represents $0.50 per $1.00 of the aggregate of the face value of the Series A1 and A2 replacement notes held. Series B and C were included in the sale for effective price of $0.001. Concurrent with the closing of the sale of non-bank ABCP the Company retired the entire CAD $6.5 million balance outstanding on its credit facility. The Company paid $13,090 in interest expense over the term of the credit facility.

The current income tax provision of $302,000 arises from the farm-out agreement in which GPX acquired an interest in the Company's concessions during the first quarter of 2009.

Fourth Quarter Results

Petroleum and natural gas sales volumes averaged 2,190 Mcf/ day (2008: 2,414 Mcf/day) for the fourth quarter of 2009; net sales volumes averaged 1,459 Mcf/day (2008: 1,608 Mcf/day). Total sales revenues were $331,861 compared to $367,462 in 2008 with the decrease being due to the reduction in volumes in the fourth quarter of 2009.

Sales tax was 14.8% (2008: 14.5%) of revenues and royalties were 8.9% (2008: 8.0%) of revenues for the fourth quarter. Production expenses were $0.37/Mcf in the fourth quarter of 2009 compared to $0.35/Mcf for the comparable quarter in 2008.

Other income for the fourth quarter of 2009 was $nil as compared to $1.9 million in the fourth quarter of 2008. The fourth quarter 2008 income was the result of proceeds received on the settlement of a legal action the Company brought against its former auditors in September 2003.

General and administrative expenses were $586,933 (2008: $803,079) with the decrease due to the adoption of the US dollar as reporting currency and the difference in average exchange rates on Canadian and US currencies between the comparative periods as well as decrease in stock based compensation expense of $234,643 .

Capital Expenditure Summary

During the year ended September 30, 2009, the majority of capital expenditures incurred by the Company arise from its proportionate share of drilling costs on the three exploratory wells: Kandra 4D, Jamali Deep and Rafay #1. The Company's share of these costs totalled $3,470,599. The Company also incurred $465,217 in expenditures for further seismic processing, $1,447,276 in administrative and overhead charges from the operator of the six exploration licences and capitalized $980,340 in internal general and administrative expenses.

The Company also incurred $358,149 of capital expenditures on its development and production licence, Block 22. These costs were due mainly to the acquisition and installation of compression facilities for the producing fields. The new compressor is anticipated to be operational by early 2010.

Summary of Selected Quarterly Information (unaudited)
(000's, except for per share amounts)

	2009				2008			
	Q4 US$	Q3 US$	Q2 US$	Q1 US$	Q4 US$	Q3 US$	Q2 US$	Q1 US$
Revenues	$ 328.7	$ 450.4	$ 614.5	$ 2,103.4	$ 2,217.9	$ 1,227.1	$ 1,680.1	$ 458.4
Expenses	$ 22,760.0	$ 1,120.6	$ 1,547.9	$ 1,305.6	$ 1,095.5	$ 4,449.5	$ 3,715.5	$ 1,832.7
Net earnings (loss)	$ (22,431.3)	$ (670.2)	$ (933.4)	$ 797.8	$ 1,122.4	$ (3,222.4)	$ (2,035.4)	$ (1,374.3)
- per share	$ (0.19)	$ (0.01)	$ (0.01)	$ 0.01	$ 0.01	$ (0.03)	$ (0.02)	$ (0.01)

Note – Expenses for 2009:Q4 includes the impairment on undeveloped petroleum and natural gas assets of $20.0 million and impairment on producing petroleum and natural gas properties of $2.0 million. Revenues for 2008:Q3 have been increased by $871 from the amount previously reported to recognize the gain arising from the elimination of a non-controlling interest, together with the liabilities related thereto, as a result of the disposition by the Company of its inactive U.S. subsidiaries.

Liquidity and capital resources

The Company presently anticipates expending approximately $20.2 million for its proportionate share of exploration and development activities on its concessions within Pakistan. These activities are expected to occur over the next two to three years, and include drilling an additional six exploration wells and six development wells, all in accordance with commitments agreed to when the Company first acquired its concessions in Pakistan. The Company currently has no contractual obligations that extend beyond five years.

The Company is participating in the development and upgrading of a power generation plant located nearby the Kandra development lease, with preliminary estimates anticipating that the Company's share of capital expenditures will amount to $60.5 million in respect of a 120 megawatt facility. The partners on this project are currently evaluating the necessary steps to be taken to confirm the economic viability of the project, confirm the supply of required natural gas feedstock and confirm the site at which the plant is to be constructed. If the project is deemed economically feasible and other issues identified can be satisfactorily resolved, the Company will need to raise the $60.5 million of funds estimated to be required of which $49 million is expected to be raised through debt financing secured by the power plant and the remaining $11.5 million raised through other means.

The existing working capital of $2.1 million is insufficient to fully fund continued operations and capital expenditure commitments for the next twelve months, and accordingly new cash resources must be secured. Management is currently evaluating and will pursue funding alternatives, including new debt facilities, additional farm-out agreements and new equity issuances. There is no assurance that these initiatives will be successful. The current uncertainty in global capital markets could have a negative impact on the Company's ability to access capital in the future. The Company's consolidated financial statements as at September 30, 2009 include a going concern note to describe these uncertainties.

In May of 2009, the Company made a single draw on its credit facility of $5,591,398 (CAD$6.5 million), the maximum amount available under the facility that was secured by the Company's remaining investment in non-bank ABCP. On August 24, 2009, the Company completed the sale of its entire remaining $10.0 million face value holdings in non-bank ABCP investment for net proceeds of CAD $4,200,454, a price which represents $0.50 per $1.00 of the aggregate of the face value of the Series A1 and A2 replacement notes held. Concurrent with the closing of the sale of non-bank ABCP, the Company retired the entire principle balance outstanding on its credit facility. The Company paid $13,090 in interest expense over the term of the credit facility.

During the three months ended December 31, 2008, the Company realized net cash proceeds of $1.7 million upon completion of several transactions that resulted in the utilization of previously unrecognized income tax losses. In 2008, the Company realized net cash proceeds of $3.1 million through the settlement of legal matters from past years, and through transactions which resulted in the utilization of non-capital losses from prior years. The closing of the farm-out agreement with GPX resulted in the Company receiving US$4.25 million for past costs and the entitlement to an estimated additional US$3.8 million for GPX's working interest share of costs from April 1, 2008 onwards.

The Company has not yet concluded agreements that will be required to raise the additional capital funding referred to above. Failure to do so in a timely manner could result in the Company deferring expenditures on work commitments which could result in the relinquishment of the Company's interests in some or all of its concession grants. Factors that could affect the Company's ability to attract equity and debt funding would include economic downturns affecting capital markets in North America and Europe, and the potential consequences arising from political instability should it continue within Pakistan. The imminent stated expiry dates for work commitments for certain concession agreements could also negatively affect Jura's ability to attract new equity or farm-out partners notwithstanding the Company's experience to date that all extensions requested for such license deadlines have been granted by government authorities.

Summary of payments due by period:

	Total	2009 (remaining)	2010	2011 - 2014	After 2014
	US$	US$	US$	US$	US$
Contractual obligations					
Operating leases - office space	$ 55,641	$ 36,127	$ 19,515	$ -	$ -
Exploration and development expenditure obligations to earn ownership interests and contractually committed work	20,250,000	-	11,250,000	9,000,000	-
	$ 20,305,641	$ 36,127	$ 11,269,515	$ 9,000,000	$ -

Related party transactions

For the year ended September 30, 2009, the Company recorded $141,051 (2008 - $239,434) for Directors fees and related costs. At September 30, 2009, $24,948 (2008 - $41,339) was due to directors and included in accounts payable and accrued liabilities on the consolidated balance sheet.

In connection with its Pakistan operations, the Company shares certain office facilities, personnel, and other office and administrative costs with a company for which certain officers and directors are also Directors of the Company. For the year ended September 30, 2009, the Company's share of these costs amounted to $322,200 (2008: $253,200).

In May 2007, the Company commenced providing financial and accounting services to Kulczyk Oil Ventures Inc. ("KOVI"), formerly Loon Energy Inc., which owns 6.4% of the outstanding shares of the Company. Two directors and officers of KOVI are directors of the Company. For the year ended September 30, 2009, the Company charged fees and associated costs totaling $243,844 (2008 – $268,187). At September 30, 2009, $83,576 (2008 – $33,243) was due from KOVI and included in accounts receivable on the consolidated balance sheet.

As part of the completion of several transactions that resulted in income from the utilization of previously unrecognized income tax losses, the Company utilized short-term financing provided by an entity whose principal was at the time a director of the Company. The cost of this financing was $88,382 (CAD$110,000) and is recorded as a charge against the gross proceeds in other income. All amounts borrowed were fully repaid and no amounts were outstanding as at September 30, 2009.

The above related party transactions were at exchange amounts agreed to by both parties which approximate their fair value.

Critical accounting estimates

The Company's consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles. In so doing, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the measurement and disclosure of contingent assets and liabilities at the date of the financial statements together with the reported amounts of revenues and expenses for the reporting periods then ended. Actual results could differ from these estimates. Estimates and judgements used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the consolidated financial statements are prepared. Predicting the outcome of future events cannot be done with certainty however, and therefore estimates used may change as new events occur, additional experience is acquired or the Company's operating environment changes.

The Company considers the following accounting estimates to be critical given the uncertainties that exist at the time the consolidated financial statements are prepared:

a) Litigation

The Company is involved in a number of lawsuits as defendant that arise from its former business activities as a merchant bank. One unresolved legal action is disclosed in the Company's financial statements at September 30, 2009 and two other claims were settled in the current fiscal year. The Company's consolidated financial statements at September 30, 2009 reflect a liability (Note Payable) in the amount of $606,230 (CAD$650,000). The Company believes it has valid legal defences against the claim made against it in respect of this action and that the balance of the note payable reflects the maximum financial liability likely to arise from this action. Until this legal matter is resolved however, the final amount of the potential liability is not determinable.

b) Depletion and depreciation expense

Depletion and depreciation of petroleum and natural gas properties and equipment is provided using the unit-of-production method and proved reserves. The Company has retained an independent reservoir engineering firm to determine proved reserves used in the depletion and depreciation provision, however it should be recognized that the determination of proved reserves requires the use of estimates and assumptions by the reservoir engineers which are based of their professional expertise and experience. Volumes are converted to equivalent units on the basis that one barrel of oil is equivalent to six thousand cubic feet of natural gas.

c) Cost recovery test on property and equipment

The Company performs a cost recovery test on its Pakistan cost centre at least annually to evaluate and if appropriate, recognize impairment when the carrying value of property and equipment exceeds the undiscounted future cash flows from proven reserves using estimated future commodity prices. The amount of any impairment to be recognized is determined as the excess of the carrying value over fair value. Fair value is determined using proven and probable reserves together with undeveloped properties, and is based on the present value of expected future cash flows discounted at a risk-free rate of interest. Future cash flows from proven reserves are determined for the Company by independent reservoir engineers, and require the use of estimates and professional judgement as described above for depletion and depreciation expense. Future commodity prices used by the independent reservoir engineers are based on estimates of prices that will occur in the future, and as such there can be no certainty that such prices will actually be realized.

d) Asset retirement obligations

The Company's asset retirement obligation has been determined by management based on estimates of the cost to abandon wells located in Pakistan in accordance with acceptable oilfield practices prevailing in the country, and in accordance with legal requirements.

Change in accounting policies

Change in reporting currency and foreign currency translation

Effective October 1, 2008, the Company changed its reporting currency from Canadian dollars to United States dollars as the Company anticipates that the majority of its future income stream and a significant source of new capital will be denominated in US$. The Company has made this change in accordance with Canadian GAAP by following the recommendations of the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA") Abstract EIC-130 and restated prior period's comparative information.

During the first quarter of 2008, the Company reclassified its subsidiaries from integrated to self-sustaining foreign operations because the subsidiaries have demonstrated that they are no longer wholly dependent on their Canadian parent for capital requirements. Accordingly, the subsidiaries now use the US$ as their functional currency. The Company has prospectively adopted the current rate method of foreign currency translation in accordance with section 1651 of the CICA handbook. Under this method, revenues and expenses are translated using average exchange rates for the applicable period, assets and liabilities are translated using the exchange rates in effect on the balance sheet dates, and shareholders' equity is translated using historical rates in effect at the date of each transaction. Resulting exchange differences are reported as a separate component of other comprehensive income.

For the year ended September 30, 2009, the Company recorded $3,759,878 as other comprehensive loss, with this amount arising primarily from the change in reporting currency from Canadian to United States dollars. A portion of this other comprehensive loss item resulted from the prospective adoption of the current rate method for foreign currency translation of the accounts of its reclassified self-sustaining foreign operations. All comparative financial information has been translated and restated as if the US$ had been used as the Company's reporting currency but the subsidiaries remain classified as integrated. Due to the prospective application of the current rate method for foreign currency translation, the usefulness of certain comparative information is limited.

New accounting policies

Goodwill and intangible assets

CICA handbook section 3064, "Goodwill and Intangible Assets" has been implemented by the Company effective October 1, 2008. This standard, which replaces CICA sections 3062 and 3450, provides guidance relating to the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard did not have a material effect on the consolidated financial statements.

Future accounting policy changes:

International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board confirmed that publicly accountable profit-oriented enterprises will be required to use International Financial Reporting Standards ("IFRS") in interim and annual financial

statements for fiscal years beginning on or after January 1, 2011. Over the next year, Canadian GAAP will be modified, to a certain extent, to converge with International Financial Reporting Standards ("IFRS").

An evaluation of IFRS conversion requirements that pertain to the Company has been conducted throughout the second half of 2009, and will lead to the development of an implementation plan to transition the Company's financial reporting process, including internal controls and information systems to IFRS. During this evaluation, IFRS early adoption provisions will be investigated, and the Company will evaluate whether early adoption is allowable and/or feasible. The evaluation will also allow the Company to be in a position to estimate the initial financial impact of the transition to IFRS so key stakeholders and users of the financial information can begin to understand the overall consequences of this process.

Business Combinations

In January 2009, the CICA issued *Handbook Section 1582 - Business combinations* which replaces the existing standards. This section establishes the standards for the accounting for business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. Management does not believe the adoption of this standard will have an impact on the Company's financial statements.

Non-Controlling Interests

In January 2009, the CICA issued *Handbook Section 1602 - Non-controlling interests* which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards on consolidated and separate financial statements. This standard is effective for 2011. Earlier adoption is permitted. Management does not believe the adoption of this standard will have an impact on the Company's financial statements.

Consolidated Financial Statements

In January 2009, the CICA issued *Handbook Section 1601 - Consolidated financial statements* which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for 2011. Earlier adoption is permitted. Management does not believe the adoption of this standard will have an impact on the Company's financial statements.

Financial instruments

Financial risk management

The Company as part of its operations carries a number of financial instruments including cash and short-term deposits, accounts receivable, accounts payable and accrued liabilities and notes payable. The Company is exposed to the following risks related to financial assets and liabilities:

(a) Interest rate risk

The Company maintains its short-term deposits in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations thereon. Other interest rate risks on the Company's obligations are not considered material. The Company's interest rate on the balance outstanding on its bank loan during the year (repaid at year-end – note 5) was at the bank's prime rate plus 0.5%, and was thus subject to fluctuations in the interest expense it would pay.

(b) Credit risk

The Company's accounts receivable are primarily from joint venture partners and government agencies (including its natural gas purchaser) operating within the international petroleum and natural gas industry, and are subject to credit and political risks that would be considered normal in this environment.

(c) Foreign currency exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between Canadian dollars, United States dollars and Pakistan rupees. At September 30, 2009, the Company's primary exposure is on a $86,056 US dollar denominated cash balance held in Canada.

The Company performed a sensitivity analysis of the effect on net income and other comprehensive loss of a change in the Canadian dollar against the U.S. dollar. At September 30, 2009, if the Canadian dollar had reduced in value by 10% compared to the U.S. dollar and all other variables were held constant, after tax net income would have been $9,227 lower and other comprehensive income would have been lower by approximately $4.9 million.

(d) Fair Value
The recorded value of the majority of the Company's financial assets and liabilities approximate their fair values due to their demand nature or because of their relatively short term to maturity.

(e) Liquidity risk
The Company monitors its liquidity position regularly to assess whether it has the funds necessary to meet exploration commitments on its petroleum and natural gas properties or that viable options are available to fund such commitments from new equity issuances or alternative sources such as farm-out agreements. However, as an exploration company at an early stage of development and without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. The current uncertainty in global markets could have an impact on the Company's future ability to access capital on terms that are acceptable to the Company.

Outstanding share data

Common shares

	Number of shares	Stated value US$
Balance, September 30, 2008 and 2007, and September 30, 2009	*117,753,083*	$ 180,237,125

Stock Options

The Company's stock option plan reflects the current requirements of the Toronto Stock Exchange regarding security based compensation agreements, and as such, the aggregate number of shares to be issued under the stock option plan is limited to 10% of the Common Shares outstanding from time to time. The exercise price for options issued under the plan will be set by the Board of Directors, and cannot be less than the market price of the shares at the time of the grant calculated in accordance with the Toronto Stock Exchange's rules.

Share purchase options outstanding are as follows:

	Number	Exercise price per share
Balance outstanding, September 30, 2007	8,260,000	
Granted December 20, 2007; expire December 20, 2012	2,500,000	$0.41
Granted March 25, 2008; expire March 25, 2013	130,000	$0.45
Options forfeited	(435,000)	
Balance outstanding, September 30, 2008	10,455,000	
Options forfeited	(810,000)	
Balance outstanding, September 30, 2009	9,645,000	

Common Share Purchase Warrants

	Number	Exercise price per share
Balance outstanding, September 30, 2007	2,466,000	
Expiry of warrants on August 19, 2008	(900,000)	$1.00
Balance outstanding, September 30, 2008	1,566,000	
Expiry of warrants on December 6, 2008	(1,566,000)	
Balance outstanding, September 30, 2009	-	

Forward Looking Statements

This MD&A contains forward-looking statements. These statements relate to future events or future performance of the Company. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "predict", "seek", "propose", "expect", "potential", "continue", and similar expressions, are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Company's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance, or achievements to vary from those described in this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated, or expected. Specific forward-looking statements in this MD&A, among others, include statements pertaining to the following:

- factors upon which the Company will decide whether or not to undertake a specific course of action;
- world-wide supply and demand for petroleum products;
- expectations regarding the Company's ability to raise capital;
- treatment under governmental regulatory regimes; and
- commodity prices.

With respect to forward-looking statements in this MD&A, the Company has made assumptions, regarding, among other things:

- the impact of increasing competition;
- the Company's ability to obtain additional financing on satisfactory terms;
- the Company's ability to obtain exploration and development services and equipment on an absolute basis, or on terms considered by the Company to be justifiable;
- the Company's ability to obtain extensions to license expiry dates and/or work commitment deadline dates from the Government of Pakistan: and
- the Company's ability to attract and retain qualified personnel.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- general economic conditions;
- volatility in global market prices for oil and natural gas;
- competition;
- liabilities and risks, including environmental liability and risks, inherent in oil and gas operations;
- the availability of capital; and
- alternatives to and changing demand for petroleum products.

Furthermore, statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitable in the future.

The forward–looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. These statements speak only as of the date of this MD&A. The Company does not intend and does not assume any obligation, to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

Disclosure Controls and Procedures, and Internal Controls over Financial Reporting

The preparation of this MD&A is supported by a set of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"). DC&P have been designed to provide reasonable assurance that material information required to be disclosed by the Company is accumulated, appropriately processed and communicated to the Company's management to allow timely decisions regarding and preparation of required disclosures. ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's Generally Accepted Accounting Principles. Current securities policies in Canada require that management of the Company certifies that it has assessed the effectiveness of the Company's disclosure controls and procedures at every interim and annual period.

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the DC&P and ICFR for the year ended September 30, 2009 and believe that they have been appropriately designed and are operating effectively, however they do not expect that the DC&P and/or the ICFR will prevent or detect all errors and/or fraud. The board of directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee meets at least annually with the Company's external auditors to review accounting, internal control, financial reporting, and audit matters.

Changes to Internal Controls over Financial Reporting

There was no change in the Company's ICFR that occurred during fiscal 2009 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Approval

The Company's Board of Directors has approved the disclosure contained within this MD&A. A copy of the MD&A is available on SEDAR at www.sedar.com.

Jura Energy Corporation

Consolidated Financial Statements

For the years ended September 30, 2009 and 2008

JURA ENERGY CORPORATION

Management's Report

The Consolidated Financial Statements of Jura Energy Corporation and related financial information were prepared by, and are the responsibility of Management. The Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles. The Consolidated Financial Statements and related financial information reflect amounts which must of necessity be based upon informed estimates and judgments of Management with appropriate consideration to materiality. The Company has developed and maintains systems of controls, policies and procedures in order to provide reasonable assurance that assets are properly safeguarded, and that the financial records and systems are appropriately designed and maintained, and provide relevant timely and reliable financial information to management.

PricewaterhouseCoopers LLP are the external auditors appointed by the shareholders, and they have conducted an independent examination of the corporate and accounting records in order to express an Auditors Opinion on these consolidated financial statements.

The Board of Directors has established an Audit Committee. The Audit Committee reviews with Management and the external auditors any significant financial reporting issues, the consolidated financial statements, and any other matters of relevance to the parties. The Audit Committee meets quarterly to review and approve the interim financial statements prior to their release, as well as annually to review the Company's annual financial statements, Management's discussion and analysis, and the Annual Information Form, and to recommend their approval to the Board of Directors. The external auditors have unrestricted access to the Company, the Audit Committee and the Board of Directors.

"Signed"	*"Signed"*
Graham S. Garner President and Chief Executive Officer	Paul H. Rose Vice-President, Finance and Chief Financial Officer

December 8, 2009

PRICEWATERHOUSECOOPERS

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December 7, 2009

Auditors' Report

To the Shareholders of Jura Energy Corporation

We have audited the consolidated balance sheets of Jura Energy Corporation as at September 30, 2009 and 2008 and the consolidated statements of changes in deficit and accumulated other comprehensive income, operations and other comprehensive loss and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2009 and 2008 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta

Jura Energy Corporation
Consolidated Balance Sheet

	September 30, 2009 US$	September 30, 2008 US$
Assets		
Current assets		
Cash and cash equivalents (note 5)	$ 3,190,353	$ 3,321,786
Accounts receivable	671,216	4,127,726
Prepaid expenses and deposits	12,643	10,146
	3,874,212	7,459,658
Other assets (note 6)	3,085,625	7,793,617
Property and equipment (note 7)	53,454,369	76,483,945
	$ 60,414,206	$ 91,737,220
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 827,148	$ 4,763,408
Income taxes payable (note 7 & 15)	302,000	-
Note payable (note 8)	606,230	613,265
	1,735,378	5,376,673
Asset retirement obligation (note 9)	463,230	303,301
Future income taxes (note 15)	1,750,796	2,544,259
Non-controlling interest in subsidiaries (note 10)	1,550,539	1,849,382
	5,499,943	10,073,615
Shareholders' equity		
Share capital (note 11)	180,237,125	180,237,125
Contributed surplus (note 12)	19,926,100	19,678,422
Accumulated other comprehensive income	3,094,439	6,854,317
Deficit	(148,343,401)	(125,106,259)
	54,914,263	81,663,605
	$ 60,414,206	$ 91,737,220

Going concern (note 2)
Commitments (note 16)

Jura Energy Corporation

Consolidated Statement of Changes in Deficit and Accumulated Other Comprehensive Income

	For the years ended September 30, 2009 US$	2008 US$
Deficit		
Balance, beginning of year	$ (125,106,259)	$ (119,596,552)
Net income (loss)	(23,237,142)	(5,509,707)
Balance, end of year	$ (148,343,401)	$ (125,106,259)
Accumulated other comprehensive income		
Balance, beginning of year	$ 6,854,317	$ 12,356,200
Unrealized (loss) gain on translation of financial statements into reporting currency (note 4)	(3,759,878)	(5,501,883)
Balance, end of year	$ 3,094,439	$ 6,854,317

Jura Energy Corporation

Consolidated Statement of Operations and Other Comprehensive Loss

	For the years ended September 30, 2009 US$	2008 US$
Petroleum and natural gas sales	$ 1,605,031	$ 1,607,320
Less:		
Sales tax	229,699	220,142
Royalty	148,560	142,849
	1,226,772	1,244,329
Interest	544,910	402,509
Other income (note 14)	1,725,296	3,936,914
	3,496,978	5,583,752
Expenses		
Production	256,377	336,638
Administration	2,430,943	3,565,300
Interest expense (note 6)	13,090	-
Foreign exchange loss	75,250	190,529
Loss on sale of ABCP (note 6)	725,546	5,725,790
Loss on sale of marketable securities	-	88,111
Depletion, depreciation and accretion	1,513,209	1,204,908
Impairment of producing petroleum and natural gas properties (note 7)	2,000,000	-
Impairment of undeveloped petroleum and natural gas assets (note 7)	20,000,000	-
	27,014,415	11,111,275
Loss before non-controlling interest and taxes	(23,517,437)	(5,527,523)
Non-controlling interest (note 10)	54,413	35,302
Income taxes		
Current income tax (note 7 & 15)	302,000	-
Future income tax (recovery) (note 15)	(636,708)	(53,118)
Net loss	(23,237,142)	(5,509,707)
Unrealized loss on translation of financial statements into reporting currency	(3,759,878)	(5,501,883)
Net loss and other comprehensive loss	$ (26,997,020)	$ (11,011,590)
Loss per share (basic and diluted)	$ (0.20)	$ (0.05)

Jura Energy Corporation
Consolidated Cash Flow Statement

	For the years ended September 30, 2009 US$	2008 US$
Operating activities		
Net loss	$ (23,237,142)	$ (5,509,707)
Items not involving cash:		
Depletion, depreciation and amortization	1,513,209	1,204,908
Impairments	22,000,000	-
Future income taxes	(636,708)	(53,118)
Gain on sale of inactive entity	-	(865,318)
Unrealized loss on marketable securities	-	88,111
Unrealized foreign exchange (gain) loss	56,623	(125,473)
Loss on sale of ABCP (note 6)	725,546	5,725,790
Stock based compensation	247,678	635,915
Non-controlling interest	54,413	35,302
	723,619	1,136,410
Changes in other current assets and liabilities	2,291,418	(2,476,145)
	3,015,037	(1,339,735)
Investing activities		
Proceeds from sale of ABCP (note 6)	3,910,203	2,463,735
Proceeds on sale of marketable securities	-	119,857
Proceeds on sale of inactive entity	-	1,000
Property and equipment additions	(7,127,547)	(16,740,114)
Recovery of past capital expenditures (note 7)	4,250,000	-
Change in accounts payable and accounts receivable related to capital expenditures	(2,471,665)	2,613,630
	(1,439,009)	(11,541,892)
Effect of exchange rate changes on cash	(1,707,461)	(232,695)
Change in cash and cash equivalents	(131,433)	(13,114,322)
Cash and cash equivalents, beginning of year	3,321,786	16,436,108
Cash and cash equivalents, end of year	$ 3,190,353	$ 3,321,786
Supplemental cash flow information		
Interest paid	$ 13,090	$ -
Interest received	$ 544,910	$ 402,509

1. **Basis of preparation**

Jura Energy Corporation ("the Company") is an energy exploration, development and production company with active operations focused in Pakistan. The Company's audited consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and include the accounts of the Company and its wholly-owned subsidiaries, Frontier Acquisition Company and Frontier Holdings Limited, together with its 66.665% ownership of Pyramid Energy International Inc. Jura Energy Corporation is listed on the Toronto Stock Exchange and trades under the symbol "JEC". Effective October 1, 2008, the consolidated financial statements of the Company are presented in US dollars.

2. **Going concern**

Management has prepared these consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") applicable to a going concern, which contemplates that assets will be realized and liabilities discharged in the normal course of business as they come due. To this point, all exploration activities and the majority of overhead costs have been funded by equity issuances and by a farm-out agreement through which a third party reimbursed the Company for a portion of historical costs and will pay a portion of the Company's future capital expenditures to earn a portion of the Company's ownership interest in its resource properties (note 7).

The Company has working capital of $2,138,834 which is insufficient to fully fund continued operations and capital expenditures planned for the next twelve months, and accordingly new cash resources must be secured. Management is currently evaluating and will pursue funding alternatives, including new debt facilities, additional farm-out agreements and new equity issuances. There is no assurance that these initiatives will be successful. Uncertainty in global capital markets could have a negative impact on the Company's ability to access capital in the future.

The Company's ability to continue as a going concern is dependent upon its ability to access sufficient capital to complete exploration and development activities, identify commercial oil and gas reserves and to ultimately have profitable operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

3. **International operations**

Exploration and appraisal licences and development lease

On June 2, 2006, the Company completed the acquisition of a number of petroleum and natural gas interests in Pakistan, comprised of ownership interests ranging from 47.5% to 50% in six exploration licences and a 37.5% interest in a development and production lease for a natural gas field. As of April 1, 2008, these ownership interests range from 35% to 37.5%, after giving effect to the reduction resulting from the GPX farm-out transaction (note 7). The Company does not act as operator for any of the properties in which it has an ownership interest.

The six licences and one lease cover a total area of 1,287,548 acres, with four interests being located in the Central Gas Basin, two interests in the Lower Indus Gas and Oil Basin and one in the northern oil-bearing Potwar Basin. The committed work program on several of the licences has been completed as of September 30, 2009 however an aggregate 5 well commitment remains on several other licenses. These six exploration licenses have expiration dates ranging from December 31, 2009 to December 31, 2010. The development and production lease does not expire until 2031. The Company's experience in Pakistan to date has been that all license and/or work commitment extensions sought from Government authorities by the operator have been granted.

Pyramid Energy International Inc. ("Pyramid")

The Company owns 66.665% of all of the issued and outstanding common, voting shares of Pyramid. Pyramid's only petroleum and natural gas property is a 15.7895% interest in Block 22, a concession situated in the Central Gas Basin in Pakistan. The concession area had three natural gas wells on production when acquired in January 2007 by the Company. Since that time three additional developmental wells have successfully been drilled, two of which have been completed and were on production in 2008 and the third was placed on production during March, 2009. This production lease expires in 2017.

4. Significant accounting policies

Change in reporting currency and foreign currency translation

Effective October 1, 2008, the Company changed its reporting currency from Canadian dollars (CAD $) to United States dollars (US$ or $), as the Company anticipates that the majority of its future income stream and a significant source of new capital will be denominated in US$. The Company has made this change in accordance with Canadian GAAP by following the recommendations of the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA") Abstract EIC-130 and restated prior period's comparative information.

During the first quarter of 2009, the Company reclassified its subsidiaries from integrated to self-sustaining foreign operations because the subsidiaries have demonstrated that they are no longer wholly dependent on their Canadian parent for capital requirements. Accordingly, the subsidiaries now use the US$ as their functional currency. The Company has prospectively adopted the current rate method of foreign currency translation in accordance with section 1651 of the CICA handbook. Under this method, revenues and expenses are translated using average exchange rates for the applicable period, assets and liabilities are translated using the exchange rates in effect on the balance sheet dates, and shareholders' equity is translated using historical rates in effect at the date of each transaction. Resulting exchange differences are reported as a separate component of other comprehensive income.

For the year ended September 30, 2009, the Company recorded $3,759,878 as other comprehensive loss. This amount arose from the prospective adoption of the current rate method for foreign currency translation of the accounts of its reclassified self-sustaining foreign operations and because of the change in the reporting currency from Canadian to United States dollars. All comparative financial information has been translated and restated as if the US$ had been used as the Company's reporting currency but the subsidiaries remain classified as integrated prior to year-end. Due to the prospective application of the current rate method for foreign currency translation, the usefulness of certain comparative information is limited.

(a) Principles of consolidation

The accompanying consolidated financial statements of the Company include the accounts of the Company and its wholly and partially owned subsidiaries. The Company owns 66.665% of Pyramid, and records 100% of the results of operations and balances of Pyramid in the consolidated financial statements with an offsetting liability recorded as non-controlling interest.

(b) Property and equipment

The Company follows the full cost method of accounting for its resource activities, and accordingly all costs related to the exploration for and development of petroleum and natural gas reserves are accumulated in one cost centre for Pakistan. Capitalized costs include: concession, land and lease acquisition costs, geological and geophysical expenditures, the carrying costs associated with undeveloped and non-producing properties, drilling and completion costs of productive and non-productive properties, and related production, gathering and plant equipment costs. A portion of overhead charges directly related to acquisition, exploration and development activities are capitalized. Proceeds received from the disposition of properties are normally credited to the cost centre without recognition of a gain or loss unless such treatment would result in a change of 20% or more to the depletion rate.

The Company performs a cost recovery test at least annually to evaluate and if appropriate, recognize impairment when the carrying value of property and equipment exceeds the undiscounted future cash flows from proven reserves using estimated future commodity prices as determined by independent consulting engineers. The Company also assesses if any indicators of impairment exist on the carrying costs related to undeveloped and non-producing properties. The amount of any impairment to be recognized is determined as the excess of the carrying value over fair value. Fair value is determined using proven and probable reserves together with undeveloped land, and is based on the present value of expected future cash flows discounted at a risk-free rate of interest.

(c) Depletion

Depletion of petroleum and natural gas properties is provided using the unit-of-production method and proved reserves. Expenditures on undeveloped properties are excluded from the depletion provision until related reserves are proven or impairment is recognized. Volumes are converted to equivalent units on the basis that one barrel of oil is equivalent to six thousand cubic feet of natural gas.

(d) Other property and equipment

Office and computer equipment are recorded at cost and are depreciated over the estimated useful lives of the asset on the declining balance basis at rates ranging from 20% to 30%; leasehold improvements are depreciated on a straight-line basis over the remaining term of the lease. Expenditures associated directly with the feasibility study on the power station project

4. Significant accounting policies (continued)

have been capitalized. Depreciation expense has not yet been provided on the power station project assets as commercial operations have not yet commenced.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

(f) Asset retirement obligations

The Company recognizes the fair value of its asset retirement obligation as a liability at the time it incurs a legal obligation for future abandonment and reclamation costs resulting from its resource operations. The asset retirement obligation is initially measured at its estimated fair value, which is the discounted future value of the liability, with the liability then accreting each subsequent period until the obligation is settled. The estimated fair value of the asset retirement obligation is capitalized to the petroleum and natural gas properties and equipment accounts, and is depleted over the estimated useful life of these assets. Asset retirement expenditures, up to the recorded liability at that time, are charged to the liability.

(g) Joint ventures

The Company conducts all of its exploration, development and production activities with partners, and accordingly these consolidated financial statements reflect only the Company's proportionate interest in such activities.

(h) Financial instruments

Financial assets and liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net earnings or loss. Financial assets and liabilities available-for-sale are measured at fair value, with changes in those fair values recognized in other comprehensive income or loss. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization.

(i) Revenue recognition

Revenue derived from the sale of the Company's petroleum and natural gas products is recognized when title to the product passes from the Company to its customer.

(j) Income taxes

Income taxes are calculated using the liability method of tax accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income taxes and liabilities. Future income tax assets and liabilities are calculated using tax rates that are enacted or substantively enacted and are expected to apply in the periods that the temporary differences are expected to reverse. To the extent that management does not consider it more likely than not that a future income tax asset will be realized, a valuation allowance is provided.

(k) Stock based compensation

The Company has issued options to directors, officers and employees to acquire common shares. These options are accounted for using the fair value method which estimates the value of the options at the date of grant using the Black-Scholes option pricing model. The fair value thus established is recognized as an expense over the vesting period of the options with a corresponding increase to contributed surplus. When the options are exercised, the proceeds received and the applicable amount in contributed surplus will be credited to capital stock.

(l) Earnings per share

Basic earnings per share is calculated by dividing net earnings attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share, when appropriate, is calculated using the treasury stock method which adjusts earnings and weighted average shares outstanding to recognize the effect, if any, of the exercise of in-the-money stock options and warrants.

(m) Measurement uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the period. Actual results may differ materially from those estimates.

Significant estimates are included in the determination of the provisions for depletion and depreciation of petroleum and natural gas assets and the asset retirement obligations liability and the accretion thereof. Depletion and the ceiling test are based on estimates of reserves, which by their nature include estimates of future production rates, oil and gas prices and costs, as well as other assumptions. The Company's past estimates of the fair value of its former holding of asset backed

4. Significant accounting policies (continued)

commercial paper involved estimates of timing, discount rates and other market factors. These and other estimates are subject to measurement uncertainty and the effect on the financial statements of changes in estimates could be material.

(n) Litigation

The Company assesses each lawsuit on an action by action basis as to the probability that a claim will be successful. Claims are not reflected as an asset or recovery in the consolidated financial statements until such time that there is a high degree of certainty that the claim will be successful, taking into consideration all avenues of appeal and settlement. Claims reflected as liabilities or expenses are recorded when the amount can be estimated and the occurrence of the payment of the claim is likely although the actual amount may differ from what had been previously estimated.

(o) Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.

New accounting policies

Goodwill and intangible assets

New CICA handbook section 3064, "Goodwill and Intangible Assets", was implemented by the Company effective October 1, 2008. This standard replaces CICA sections 3062 and 3450, and provides guidance relating to the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard, which has been adopted prospectively, did not have a material effect on the consolidated financial statements.

Future Accounting Policy Changes

International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board confirmed that publicly accountable profit-oriented enterprises will be required to use International Financial Reporting Standards ("IFRS") in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Over the next year, Canadian GAAP will be modified to a certain extent to converge with International Financial Reporting Standards ("IFRS").

The Company's financial executives are familiarizing themselves with the new IFRS principles and requirements through formalized training and industry focus groups, and in particular, those that apply specifically to companies with petroleum and natural gas operations and exploration and development activities. An evaluation of IFRS conversion requirements that pertain to the Company has been conducted throughout the second half of 2009, which will then lead to the development of an implementation plan to transition the Company's financial reporting process, including internal controls and information systems to IFRS. During this evaluation, IFRS early adoption provisions will be investigated, and the Company will evaluate whether early adoption is allowable and/or feasible. The evaluation will also allow the Company to be in a position to estimate the initial financial impact of the transition to IFRS so key stakeholders and users of the financial information can begin to understand the overall consequences of this process.

Business Combinations

In January 2009, the CICA issued *Handbook Section 1582 - Business combinations* which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. Management does not believe the adoption of this standard will have an impact on the Company's financial statements.

Non-Controlling Interests

In January 2009, the CICA issued *Handbook Section 1602 - Non-controlling interests* which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards on consolidated and separate financial statements. This standard is effective for 2011, however earlier adoption is permitted. Management does not believe the adoption of this standard will have an impact on the Company's financial statements.

Consolidated Financial Statements

In January 2009, the CICA issued *Handbook Section 1601 - Consolidated financial statements* which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for 2011. Earlier adoption is permitted. Management does not believe the adoption of this standard will have an impact on the Company's financial statements.

5. Cash and cash equivalents

	September 30, 2009 US$	September 30, 2008 US$
Cash	$ 1,390,353	$ 1,109,518
Short term investments in HSBC Bank issued Bankers Acceptances and Bearer Deposit Notes	1,800,000	2,212,268
	$ 3,190,353	$ 3,321,786

6. Other assets

	September 30, 2009 US$	September 30, 2008 US$
Restricted cash (not available for general corporate purposes)		
Provided as security for bank guarantee to the Government of Pakistan for exploration and development expenditure commitments made pursuant to the granting of petroleum exploration licenses; invested in interest bearing securities	$ 3,085,625	$ 3,085,625
Non-bank Asset Backed Commercial Paper ("ABCP")		
Estimated fair value at end of year	-	4,707,992
	$ 3,085,625	$ 7,793,617

ABCP changes, and reconciliation from CAD$ to US$

		September 30, 2009	September 30, 2008
Estimated fair value at beginning of year	(CAD$)	4,990,000	13,250,950
Less:			
Proceeds on sale of ABCP		(4,200,454)	(2,495,000)
Realized loss on sale		(789,546)	(2,505,000)
Valuation allowance		-	(3,260,950)
Estimated fair value at end of year	(CAD$)	-	4,990,000
Adjustment for foreign exchange at year end rates		-	(282,008)
Estimated fair value at end of year (US$)		$ -	$ 4,707,992

Non-bank asset backed commercial paper

The Company's investment in non-bank ABCP (SAT Series-A notes) was scheduled to mature on August 14, 2007 however the CAD$15.0 million face value of the investment due on maturity was not funded by the issuer of the security. The Company's non-bank ABCP investment was one of a number of such investments in Canada frozen since August 2007. A group representing banks, asset providers and major investors referred to as the Pan-Canadian Investors Committee for Third-Party Structured Asset Backed Commercial Paper (the "Committee") prepared a restructuring plan (the "Plan") under the Companies' Creditors Arrangements Act which received Court approval in 2008. On January 12, 2009, the Ontario Superior Court of Justice granted the Plan Implementation Order which enabled the original non-bank ABCP to be exchanged for restructured securities ("Restructured Notes") as outlined in the Plan.

On February 27, 2009, the Company received confirmation that it would receive CAD$10.0 million face value of Restructured Notes in the following relative proportions: Class A-1 notes – 16%, Class A-2 notes – 69%, Class B notes – 12% and Class C notes – 3%. The Restructured Notes earn interest at a rate equal to 90 day Bankers Acceptances less 50 basis points. Interest on Class A-1 notes is to be accrued and paid currently, with interest on all other Classes to be accrued, but only paid after interest on higher ranking Classes is paid. The Plan estimates that repayment of principal on Restructured Notes and accrued interest, where applicable, will be approximately December, 2016.

On August 24, 2009, the Company completed the sale of its entire remaining $10.0 million face value holdings in non-bank ABCP investment for net proceeds of CAD $4,200,454, a price which represents $0.50 per $1.00 of the aggregate of the

6. Other assets (continued)

face value of the Series A1 and A2 Restructured Notes held. Series B and C Restructured Notes were included in the sale for effective price of $0.001.

In July 2008, the Company sold CAD$5.0 million face value of its original SAT Series-A commercial paper for CAD$0.50 per CAD$1.00 of face value of the notes, and accordingly had CAD$10.0 million in face value of its initial investment remaining.

During the current fiscal year, the Company arranged a loan facility in the amount of C$6.5 million that was secured solely by the Company's holdings of Replacement Notes. The loan facility was fully drawn earlier in the current year, and then, concurrent with the closing of the sale of remaining non-bank ABCP, the Company retired the entire $6.5 million balance outstanding on the loan facility. During the current year, the Company paid $13,090 in interest expense on the loan balance outstanding on the credit facility.

At September 30, 2008, the Company concluded that a valuation allowance representing 50% of the face value of the remaining non-bank ABCP was reasonable, and accordingly, for the year ended September 30, 2008, recognized $5,765,950 in valuation allowance of which $2,505,000 was a realized loss and the remainder was unrealized.

7. Property and equipment

	September 30, 2009 US$	September 30, 2008 US$
Petroleum and natural gas properties	$ 80,909,592	$ 80,727,690
Power generation project	111,414	111,414
Office and computer equipment	501,678	489,346
Leasehold improvements	308,739	308,739
	81,831,423	81,637,189
Accumulated depletion, depreciation and accretion	(28,377,054)	(5,153,244)
	$ 53,454,369	$ 76,483,945

Included in petroleum and natural gas property expenditures for the year ended September 30, 2009 are capitalized general and administrative costs in the amount of $980,340 (2008: $1,194,304). Future capital costs of $240,000 (2008: $547,000) have been added to costs subject to depletion and amortization for the year ended September 30, 2009.

During the first quarter of the current year, the Company and its partner, Petroleum Exploration (Pvt) Limited ("PEL"), completed a farm-out agreement in respect of six exploration concessions in Pakistan with Gulf Petroleum Exploration International ("GPX"). Pursuant to the agreement, the Company and PEL each assigned a 12.5% working interest in the following concessions to GPX: Badin IV North, Badin IV South, Kandra (excluding Sui Main Limestone development), Salam, Mirpur Mathelo, and Karsal. The agreement has an effective date of April 1, 2008.

Under the terms of the agreement, GPX's obligations to the joint venture are to pay (i) 66.67% of the first US$6 million in expenditures to drill each of the first 4 exploration wells of the work program in the blocks, (ii) 58.33% of the first US$6 million in expenditures to drill each of the next 5 exploration wells of the program in the blocks, and (iii) 50% of the first US$6 million in expenditures to drill each of an additional 2 wells, contingent on there being at least 4 commercial discoveries from the first 9 wells drilled. In addition, the Company received cash consideration of $4.25 million on November 26, 2008 from GPX towards historical costs (against which a current income tax provision of $302,000 has been provided) and was further credited $3.8 million for the portion of costs incurred by the Company since April 1, 2008 that were reimbursed by GPX. These funds reduced the Company's capitalized costs recorded to date in the related exploration concessions.

During the year ended September 30, 2009, the Company and its partners completed the drilling of three exploratory wells in three of the six exploration concessions in Pakistan. Testing was completed on all three wells but the results are as yet inconclusive. Additional evaluation work is being carried out on these wells but at the current time no proven or probable reserves have been assigned to these concession areas based on the results of these three wells.

Based on the results from the three exploration wells completed to date and the plans and intentions of the Company on the exploration concessions where drilling was completed, indicators of impairment relating to unproven property costs of $66,718,727 as at September 30, 2009 (2008: $66,428,606) are present. Management completed an analysis of these indicators and has concluded that impairment in the amount of $20,000,000 should be recorded. After recording the

7. Property and equipment (continued)

impairment charge, unproven property costs of $46,718,727 remain which are not subject to depletion and amortization for the year ended September 30, 2009.

For the year ended September 30, 2009 the Company also recorded impairment of $2,000,000 as the carrying value of the Company's producing petroleum and natural gas properties exceeded the value calculated in the ceiling test in accordance with the full cost method of accounting.

The following independent engineering consultant's prices were used in the ceiling test as at September 30, 2009.

	2009	2010	2011	2012	2013	2014
Natural Gas (US$/mmbtu)	$2.44	$2.44	$2.51	$2.59	$2.66	$2.74

Expenditures of $111,414 were incurred during fiscal 2008 that relate to the Company's interest in a power generation project. This project is in the feasibility study stage and as such there has been no depreciation recorded to date.

8. Note payable

The note payable is due to unit-holders and shareholders of a former subsidiary of the Company and is part of a legal claim currently being litigated (note 18). The note in the amount of $606,230 (CAD $650,000) is unsecured, and the Company is not recording interest expense related thereto. Due to the nature of the liability, the amount recorded is considered by management to be equal to its fair value.

9. Asset retirement obligation

The Company's asset retirement obligations result from its working interest ownership in petroleum and natural gas properties, including tangible well equipment and processing facilities. The Company's estimate of the total undiscounted cash flows required to settle asset retirement obligations is $808,025, which is expected to be incurred between 2012 and 2017. Accretion expense for the period is included with depletion, depreciation and amortization.

The Company's credit adjusted risk free rate of interest of 8% and inflation at an annual rate of 2% were used to calculate the net present value of the asset retirement obligation.

	September 30, 2009 US$	September 30, 2008 US$
Balance, beginning of year	$ 303,301	$ 177,947
Additions	167,827	110,079
Accretion	16,726	15,275
Adoption of change in foreign currency translation (note 4)	(24,624)	-
Balance, end of year	$ 463,230	$ 303,301

10. Non-controlling interest in subsidiaries

	September 30, 2009 US$	September 30, 2008 US$
Balance, beginning of year	$ 1,849,382	$ 2,639,209
Current operations	54,413	35,302
Disposition of inactive subsidiary	-	(825,129)
Adoption of change in foreign currency translation (note 4)	(353,256)	-
Balance, end of year	$ 1,550,539	$ 1,849,382

During 2008 the Company sold its shareholding in an inactive U.S. subsidiary that remained from the Company's former operations as a merchant bank. The disposition resulted in the elimination of the non-controlling interest in the U.S. subsidiaries together with the liability related thereto from the consolidated balance sheet of the Company. The non-controlling interest that remains arises from the Company's 66.665% ownership interest in Pyramid.

11. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The preferred shares may be issued in one or more series, with rights and privileges for each series as determined by the Board of Directors.

(b) Issued

Common shares issued:

	Number of shares	Stated value US$
Balance, September 30, 2009 and 2008	*117,753,083*	$ 180,237,125

The weighted average number of common shares outstanding used in computing income per share for the year ended September 30, 2009 is 117,753,083 shares (year ended September 30, 2008: 117,753,083 shares).

(c) Stock Options

The Company's stock option plan reflects the current requirements of the Toronto Stock Exchange regarding security based compensation agreements, and as such the aggregate number of shares to be issued under the stock option plan is limited to 10% of the Common Shares outstanding from time to time. Further, the exercise price for options issued under the plan will be set by the Board of Directors, and cannot be less than the market price of the shares at the time of the grant calculated in accordance with the Toronto Stock Exchange's rules.

Share purchase options outstanding are as follows:

	Number	Exercise price per share
Balance outstanding, September 30, 2007	8,260,000	
Granted December 20, 2007; expire December 20, 2012	2,500,000	$0.41
Granted March 25, 2008; expire March 25, 2013	130,000	$0.45
Options forfeited	(435,000)	
Balance outstanding, September 30, 2008	10,455,000	
Options forfeited	(810,000)	
Balance outstanding, September 30, 2009	9,645,000	

The following table summarizes information about the options outstanding and exercisable at September 30, 2009:

Options outstandng			Options exercisable	
Exercise price CAD $	*Options*	*Contractual life remaining, years (weighted average)*	*Options*	Exercise price CAD $
$ 0.69	720,000	0.5	720,000	$ 0.69
$ 1.55	4,300,000	1.5	4,300,000	$ 1.55
$ 1.00	2,205,000	2.2	2,088,332	$ 1.00
$ 1.15	100,000	2.7	66,666	$ 1.15
$ 0.41	2,200,000	3.2	733,333	$ 0.41
$ 0.45	120,000	3.5	60,000	$ 0.45
$ 1.08	9,645,000		7,968,331	$ 1.17

11. Share capital (continued)

(d) Stock Based Compensation expense

During the year ended September 30, 2009, the Company recorded $247,678 (2008 - $637,957) of stock based compensation expense with a corresponding increase to Contributed Surplus. The Company has not capitalized any of the stock based compensation expense recorded.

There were no additional share purchase options granted in the year ended September 30, 2009.

(e) Common Share Purchase Warrants

Share purchase warrants outstanding are as follows:

	Number	Exercise price per share
Balance outstanding, September 30, 2007	2,466,000	
Expiry of warrants on August 19, 2008	(900,000)	$1.00
Balance outstanding, September 30, 2008	1,566,000	
Expiry of warrants on December 6, 2008	(1,566,000)	
Balance outstanding, September 30, 2009	-	

12. Contributed surplus

	September 30, 2009 US$	September 30, 2008 US$
Balance, beginning of year	$ 19,678,422	$ 19,040,465
Stock based compensation (note 14(d))	247,678	637,957
Balance, end of year	$ 19,926,100	$ 19,678,422

13. Capital management

The Company's total capital resources are $54,914,263 (September 30, 2008 - $81,663,605) with this amount comprised entirely of shareholders' equity. Consistent with prior periods, the Company manages its capital structure to maximize its financial flexibility making adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company does not presently utilize any quantitative measures to monitor its capital.

14. Other income

	Years ended September 30, 2009	2008
Proceeds on utilization of unrecognized tax losses	$ 1,725,296	$ 1,247,979
Gain on sale of inactive subsidiary	-	865,318
Settlement of legal claim	-	1,859,940
Loss on sale of marketable securities	-	(36,323)
	$ 1,725,296	$ 3,936,914

The Company's former operations as a merchant bank continue to result in the intermittent receipt of revenues from legal settlements, recovery of amounts previously written-off or for which allowances were provided, and certain revenues are realized and expenses incurred that relate to or arise from these former operations. The Company records such items as other income.

During the year ended September 30, 2009, the Company received net proceeds of $1,725,296 upon completion of several transactions that resulted in the utilization of previously unrecognized income tax losses. The Company completed a similar transaction in the year ended September 30, 2008 that resulted in net proceeds of $1,247,979.

14. Other income (continued)

Other income for the year ended September 30, 2008 also includes the disposition of the Company's entire portfolio of marketable securities for proceeds of $119,857 resulting in the recognition of a loss of $36,323. The proceeds from the sale of shares of an inactive subsidiary were $51,000. An additional gain of $814,318 was recorded resulting from the elimination of the non-controlling interest in the inactive subsidiary together with the liabilities related thereto. Also, a settlement agreement of $1,859,940 arising from an action the Company brought against its former auditors in September 2003 was concluded in this period.

15. Income taxes

The differences between the income tax provision calculated using statutory rates and the reported income tax provision are as follows:

	Years ended September 30, 2009	2008
Net loss before income taxes and non-controlling interests	$ (23,556,285)	$ (5,527,523)
Federal and provincial statutory rate	*29.13%*	*29.88%*
Expected income tax recovery	$ (6,861,946)	$ (1,651,624)
Non-deductible payments and provisions	173,126	1,108,641
Non-taxable gains	(516,027)	(660,239)
Benefit of utilization of tax losses of previous years	9,864,991	6,622,211
Capital losses from sale of inactive subsidiary	-	(5,417,892)
Valuation allowance adjustments	(4,304,566)	(1,708,158)
Adjustment to prior year balances and rates	1,309,714	1,653,943
	$ (334,708)	$ (53,118)

The tax effects of temporary differences that give rise to future tax balances at September 30 are:

	September 30, 2009	September 30, 2008
Future tax assets:		
Capital loss carryforwards	$ 5,084,928	$ 5,512,470
Share issuance expense and other assets	270,364	474,162
Property and equipment	5,106,249	-
Asset retirement obligation	116,502	107,423
Non-capital loss carry forwards	2,992,186	11,853,411
Total future income tax assets	13,570,229	17,947,466
Valuation allowance	(13,780,663)	(18,085,229)
Future tax liabilities:		
Property and equipment	(1,540,362)	(2,406,496)
Net future income tax liability	$ (1,750,796)	$ (2,544,259)

As at September 30, 2009, the Company has capital losses of CAD $43.4 million and accumulated non-capital losses for tax purposes of CAD $8.1 million in Canada, expiring between 2009 and 2014, which can be used to reduce income taxes otherwise payable. A valuation allowance has been recorded against these future income tax assets, as the Company cannot demonstrate that it is more likely than not that these assets will be realized by the application of these losses to reduce or eliminate taxes on taxable income in future periods.

16. Commitments

Resource

The Company's contractual resource related commitments initially amounted to $3.1 million for exploration and development commitments made pursuant to the granting of petroleum exploration licences by the Government of Pakistan. The Company has pledged this amount in cash as security against the guarantee (note 6). Cumulative exploration and

16. Commitments (continued)

development expenditures incurred to September 30, 2009 and the farm-out to GPX have reduced the Company's remaining commitment to $1.8 million.

Administrative
The Company has leased office space in Calgary, Alberta under an agreement which expires on July 2013 with monthly rent expense of CAD $9,534 from August 1, 2008 to July 31, 2010 changing to CAD $9,863 per month for the remainder of the term. This lease has been terminated by the Company effective January 15, 2010 resulting in the remaining commitment of CAD $33,369 as at September 30, 2009. New office space has been secured with no commitment to a specified lease term or amount.

The Company has also leased office space in Islamabad, Pakistan for a one year term expiring on May 31, 2010, with an option to renew for a second year with an increase in the monthly rental of 10%. The lease agreement contains an early termination clause stating that either the landlord or the Company can cancel the lease upon thirty days prior written notice. The estimated cost remaining under the lease obligation is $24,000, assuming no early termination.

17. Financial instruments

Financial risk management
The Company as part of its operations carries a number of financial instruments including cash and short-term deposits, accounts receivable, accounts payable and accrued liabilities, and notes payable. The Company is exposed to the following risks related to financial assets and liabilities:

(a) Interest rate risk
The Company maintains its short-term deposits in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations thereon. Other interest rate risks on the Company's obligations are not considered material. The Company's interest rate on the balance outstanding on its bank loan during the year (repaid at year-end – note 6) was at the bank's prime rate plus 0.5%, and was thus subject to fluctuations in the interest expense it would pay.

(b) Credit risk
The Company's accounts receivable are primarily from joint venture partners and government agencies (including its natural gas purchaser) operating within the international petroleum and natural gas industry, and are subject to credit and political risks that would be considered normal in this environment.

(c) Foreign currency exchange risk
The Company is exposed to risks arising from fluctuations in currency exchange rates between Canadian dollars, United States dollars and Pakistan rupees. At September 30, 2009, the Company's primary exposure is a US dollar denominated cash balance of $86,056 held in Canada.

The Company performed a sensitivity analysis of the effect on net income and other comprehensive loss of a change in the Canadian dollar against the U.S. dollar. At September 30, 2009 if the Canadian dollar had reduced in value by 10% compared to the U.S. dollar and all other variables were held constant, after tax net income would have been $9,227 lower and other comprehensive income would have been lower by approximately $5.0 million.

(d) Fair Value
The recorded value of the majority of the Company's financial assets and liabilities approximate their fair values due to their demand nature or because of their relatively short term to maturity.

(e) Liquidity risk
The Company monitors its liquidity position regularly to assess whether it has the funds necessary to complete planned exploration commitments on its petroleum and natural gas properties or that viable options are available to fund such commitments from new equity issuances or alternative sources such as farm-out agreements. However, as an exploration company at an early stage of development and without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. The current uncertainty in global markets could have an impact on the Company's future ability to access capital on terms that are acceptable to the Company.

18. Litigation

Hotel property foreclosure

A former Company subsidiary was sued by the first mortgage holder on a hotel property to recover $2,625,414 (CAD$2,814,969), being the claimed shortfall between the net proceeds from the judicial sale of the foreclosed property and the outstanding debt secured by the property plus additional interest and costs from the defendants. The Company believes that it has valid defenses to this claim and accordingly has not recorded any related liability. The unit-holders and shareholders of the former subsidiary commenced an action against the Company for non-performance on a $606,230 (CAD$650,000) note payable due in respect of the acquisition of the subsidiary. The Company believes it has valid defenses to this claim, however the principal amount of the obligation is recorded as a note payable (note 8).

Other

Various other legal actions remain unresolved however the outcome of the actions is considered unlikely to have any material effect on amounts presently recorded in the Company's consolidated financial statements.

19. Related party transactions

For the year ended September 30, 2009, the Company recorded $141,051 (2008 - $239,434) for Directors fees and related costs. At September 30, 2009, $24,948 (2008 - $41,339) was due to directors and included in accounts payable and accrued liabilities on the consolidated balance sheet.

In connection with its Pakistan operations, the Company shares certain office facilities, personnel, and other office and administrative costs with a company for which certain officers and directors are also Directors of the Company. For the year ended September 30, 2009, the Company's share of these costs amounted to $322,200 (2008: $253,200).

In May 2007, the Company commenced providing financial and accounting services to Kulczyk Oil Ventures Inc. ("KOVI"), formerly Loon Energy Inc., which owns 6.4% of the outstanding shares of the Company. Two directors and officers of KOVI are directors of the Company. For the year ended September 30, 2009, the Company charged fees and associated costs totaling $243,844 (2008 – $268,187). At September 30, 2009, $83,576 (2008 – $33,243) was due from KOVI and included in accounts receivable on the consolidated balance sheet.

As part of the completion of several transactions that resulted in the other income (note 14) the Company utilized short-term financing provided by an entity whose principal was at the time a director of the Company. The cost of this financing was $88,382 (CAD$110,000) and is recorded as a charge against the gross proceeds in other income. All amounts borrowed were fully repaid and no amounts were outstanding as at September 30, 2009.

The above related party transactions were at exchange amounts agreed to by both parties which approximate their fair value.

20. Segmented information

The Company's reportable business segments include its oil and gas operations in Pakistan and corporate activities in Canada.

	Year ended September 30, 2009		
	Canada	Pakistan	Consolidated
Petroleum and natural gas sales	$ -	$ 1,605,031	$ 1,605,031
Sales tax	-	(229,699)	(229,699)
Royalty	-	(148,560)	(148,560)
Interest income	441,819	103,091	544,910
Other income	1,725,296	-	1,725,296
	2,167,115	1,329,863	3,496,978
Less expenses:			
Production	-	256,377	256,377
Administration	2,192,457	238,486	2,430,943
Interest expense	13,090		13,090
Foreign exchange losses	44,840	30,410	75,250
Loss on sale of ABCP	725,546	-	725,546
Depletion, depreciation and accretion	14,122	1,499,087	1,513,209
Impairment of producing petroleum and and natural gas assets	-	2,000,000	2,000,000
Impairment of undeveloped petroleum and natural gas assets	-	20,000,000	20,000,000
Non-controlling interest	-	54,413	54,413
Current income tax expense	-	302,000	302,000
Future income tax expense	-	(636,708)	(636,708)
Net income (loss) for the period	$ (822,941)	$ (22,414,201)	$ (23,237,142)

20. Segmented information (continued)

	Year ended September 30, 2008		
	Canada	Pakistan	Consolidated
Petroleum and natural gas sales	$ -	$ 1,607,320	$ 1,607,320
Sales tax	-	(220,142)	(220,142)
Royalty	-	(142,849)	(142,849)
Interest income	272,953	129,556	402,509
Other income	3,936,914	-	3,936,914
	4,209,867	1,373,885	5,583,752
Less expenses:			
Production	-	336,638	336,638
Administration	3,229,217	336,083	3,565,300
Foreign exchange losses	309,626	(119,097)	190,529
Loss on sale of ABCP	5,725,790	-	5,725,790
Depletion, depreciation and accretion	16,253	1,188,654	1,204,908
Loss on sale of marketable securities	88,111	-	88,111
Non-controlling interest	-	35,302	35,302
Future income tax expense	-	(53,118)	(53,118)
Net loss for the period	$ (5,159,131)	$ (350,576)	$ (5,509,707)
	As at September 30, 2008		
Total assets	$ 9,506,813	$ 82,230,407	$ 91,737,220
Property and equipment expenditures	$ 25,649	$ 16,714,465	$ 16,740,114

JURA ENERGY CORPORATION

CORPORATE INFORMATION

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